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ACTION EEB-00

RELEASED IN FULL

INFO	LOG-00	AF-00	VCI-00	AID-00	GHFS-00	ACQ-00	CEA-01
	CIAE-00	COME-00	CTME-00	INL-00	DNI-00	DODE-00	ITCE-00
	DOTE-00	EXME-00	AVC-00	E-00	FAAE-00	UTED-00	SIPD-00
	DIAS-00	FRB-00	H-00	TEDE-00	INR-00	LAB-01	L-00
	VCIE-00	NSAE-00	ISN-00	NSCE-00	OMB-00	NIMA-00	EPAU-00
	MCC-00	PER-00	GIWI-00	ISNE-00	SP-00	SSO-00	SS-00
	STR-00	TRSE-00	FMP-00	BBG-00	EPAE-00	IIP-00	SCRS-00
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SIPDIS
 DEPARTMENT FOR EEB/CBA

E.O. 13526: N/A
 TAGS: EINT, EINV, EFIN, ECON, LI
 SUBJECT: OUTREACH AND COMMERCIAL SUCCESS IN LIBERIA

REF: A) 10 STATE 1391;

1. (U) SUMMARY: Embassy intervention and advocacy between October 2010 and December 2010 resulted in more than USD 10 billion in new American investments, and the materialization of two of post's top policy objectives: port privatization and independent management at Roberts International Airport (RIA). Post believes the best way to encourage future investment in post-conflict Liberia is to deliver top-notch customer service to would-be investors, actively promote the African Growth and Opportunities Act (AGOA) and International Buyer Programs (IBP) to local entrepreneurs, and advance American business and USG policy objectives at the highest levels. END SUMMARY.

Successful Commercial and Economic Policy Advocacy

2. (U) Chevron - Embassy advocacy ensured a level, open "playing field" in Liberia's oil sector that resulted in Chevron signing a USD 10.7 billion contract with the GOL on August 23, 2010. This constitutes the largest concession in Liberian history.

3. (U) APM Terminals (APMT) - Econoffs held discussions with APMT senior management to highlight the importance of the USD 120 million investment in promoting trade and ensuring food security for Liberia. Ambassador Thomas-Greenfield's support of a message explaining the positive benefits of port privatization prompted

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President Sirleaf' intervention to ensure that a port privatization contract was signed with APMT on September 13, 2010. This followed protracted efforts by some GOL officials to scuttle privatization efforts in favor of a untenable local plan for port investment.

4. (U) Lockheed Martin - Ongoing intervention by Econoff and the Ambassador ensured GOL support for a long-term Lockheed Martin airport management contract negotiated in a fair environment despite bureaucratic challenges in the civil aviation sector.

5. (U) Delta Airlines - Introduction of the first direct flights to the U.S. by an American carrier in twenty years will support efforts to boost trade, investment, business and tourism between Liberia and the United States. Post welcomed Delta's flights to Liberia, which underscores America's commitment to Liberia's future and the USG's faith in the country's long-term security and economic prospects.

Commercial Interest

6. (U) Post believes that the best way to encourage investment in a post-conflict country such as Liberia is to deliver top-notch customer service to potential investors. Econoffs regularly meet with potential investors (American and foreign) and distribute post's Country Commercial Guide and Investment Climate Statement. For example, in the first quarter of FY2011, Econoffs met with twelve American firms, including: Chevron, Anadarko, the RLJ Kendeja Resort, Cellcom, Lockheed Martin, Delta Airlines, CHF international, Cantera Partners, Land O'Lakes, Newmont, AmbLib and Resource Capital Funds. Econoffs encouraged investment in Liberia and discussed how to navigate the Liberian market. Econoffs also met with potential foreign investors such as Vale, BHP Billiton (BHPB), APMT and Olam and pressed for responsible investment in environmentally sensitive sectors. The Ambassador personally met with representatives from Chevron, Delta, Newmont, BHPB and APMT to promote Liberian investment.

Business Outreach

7. (U) Embassy Monrovia endeavors to increase participation in the African Growth and Opportunities Act (AGOA) and International Buyer Programs (IBP) through its business outreach efforts. Econoffs worked with the Liberia Business Association (LIBA), Concerned Liberian International Business Organization (COLINBO), Liberia Chamber of Commerce, Women's Chamber of Commerce and the National Waste Management Association to identify potential candidates for AGOA and IBP eligibility. Post is currently recruiting for two upcoming IBPs: the "International Builder's Show" and "Waste Expo 2011." Econoffs have proposed hosting an all-day promotional event in June to encourage Liberian exporters to take advantage of AGOA.

THOMAS-GREENFIELD

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HIPC COMPLETION AND LIBERIA'S DEBT

4. (SBU) In response to an inquiry from Burns, Sirleaf said that Liberia was making efforts to revitalize the economy following last year's economic downturn. Negotiations with companies were being reinvigorated, but Liberia was very conscious of the need to carefully self-manage its resources. Sirleaf noted that the IMF had advised her that Liberia would reach HIPC Completion Point. However, she was surprised to learn of an additional \$150 million in bilateral debt owed to three European countries (including Belgium, France and the Netherlands) that fell outside the Paris Club. In addition, Sirleaf has been told by the IMF that the \$20 million owed to vulture funds will be brought to closure.

SIRLEAF'S APRIL 19 MEETING WITH CHEVRON

5. (SBU) Sirleaf told Burns that her April 19 meeting with Chevron President for Latin American and African Exploration and Production Ali Moshiri went well. The president and Chevron discussed two problematic issues.

[REDACTED]

[REDACTED] The second problem Chevron raised dealt with an audit reporting that bribes were allegedly paid to legislators by the National Oil Company of Liberia to ensure ratification of concessionary blocks for Broadway and Oranto.

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U.S. HUMAN RIGHTS REPORT AND ELECTIONS

6. (SBU) Sirleaf expressed her disappointment with the 2009 Country Report on Human Rights Practices for Liberia. She admitted that the report was accurate in terms of the justice sector and corruption. The president noted, however, that we did not highlight what has

been achieved. Sirleaf said she is doing everything she can to deal with corruption and is working to address issues of employment, which are the two issues she believes the opposition will raise during the election. She described the next election as

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a defining moment for Liberia's progress. It must be free of violence and it must be fair.

7. (SBU) U/S Burns said that the U.S. does not underestimate the challenges faced by Liberia in building democratic institutions and rule of law. But we will continue to be candid in expressing our concern, and supportive of the government's efforts to make progress.

8. (SBU) The Electoral Threshold Bill is a major problem, Sirleaf continued. She expects the National Legislature will come to agreement on a version for her signature by next week, but, in the meantime, she encouraged the National Elections Commission to do everything it can to ensure the 2011 election occurs on schedule.

SIRLEAF'S REGIONAL DIPLOMACY

9. (SBU) Sirleaf offered her views on the region and her own recent diplomacy. On Nigeria, she described Goodluck Jonathan as having "measured up." Nigerians are looking forward to their presidential election, contestants are coming out, and Sirleaf sees former leader Ibrahim Babangida as a strong candidate. The president was asked by the Libyans to negotiate a rapprochement with the Nigerians following Qaddafi's statement that Nigerian should be split into two states, giving the north to Muslims and the south to Christians. She described the negotiations as extremely complicated and noted that more time was needed before a rapprochement could be reached. While in Nigeria with the Libyan delegation, Nigerian Senator David Mark called Qaddafi a "mad man" and Qaddafi responded by saying Nigeria should be broken up according to all its ethnic groups. On Zimbabwe, she said the international community must continue to support the people of Zimbabwe. She does not see Mugabe giving up power. Cote d'Ivoire, according to Sirleaf, is calm. Gbagbo is a skillful politician and he will not agree to have elections until he knows can win.

10. (SBU) Under Secretary Burns conveyed to the President, greetings from President Obama and Secretary Clinton. He expressed U.S. continued commitment and support for Liberia's democracy. He noted the importance of building institutions that promote democracy.

11. (U) This message has been cleared by Under Secretary Burns.
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INFO	LOG-00	EEB-00	AID-00	AMAD-00	ACQ-00	CIAE-00	COME-00
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 TO SECSTATE WASHDC 1357
 INFO ECOWAS COLLECTIVE

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SENSITIVE
 SIPDIS

E.O. 12958: N/A
 TAGS: ECON, ENGR, LI
 SUBJECT: LIBERIA'S OIL PROSPECTS INCREASE FOLLOWING DISCOVERY IN
 NEIGHBORING SIERRA LEONE

1. (SBU) SUMMARY: An oil discovery September 16 at a deepwater exploration site in Sierra Leone along the Liberian border increases the prospects of unearthing oil along Liberia's geologically similar coast. The highly-publicized find coincides with the National Oil Company of Liberia's (NOCAL) solicitation of bids for five separate offshore licenses in Liberia. While the propitious find is likely to spark greater interest and higher bids from international oil companies, the prospect of vast oil revenues poses challenges as well as opportunities for Liberia. The fact that prospective oil funds remain years away provides fiscal watchdogs within the GOL the opportunity to implement the ironclad transparency measures that will ensure oil revenues translate into widespread social benefit.

2. (SBU) Anadarko Petroleum Company discovered 45 net feet of hydrocarbon pay in the Venus B-1 well, which sits in two blocks along the Sierra Leone-Liberia border. President of the National Oil Company of Liberia (NOCAL) Fodee Kromah told Econoff September 21 that the Sierra Leone discovery reinforces the pervasive conviction that oil lies in Liberia's deepwater, which is geologically identical to the Sierra Leonean site.

3. (SBU) The timing of Anadarko's find could not be better for Liberia. The Ministry of Lands, Mines, and Energy (MLME) and NOCAL announced a third round of bidding for offshore petroleum licenses on August 27. Bidders may submit proposals for exploration of the

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five remaining blocks near the border of Cote d'Ivoire until November 30. Kromah hopes rising regional oil prospects will bolster enthusiasm for the five blocks, giving the GOL the upper hand in negotiations. Many companies expressing interest already have an ownership stake in Liberia's offshore blocks, among them Nigeria's Oranto Petroleum, Australia's Woodside West Africa, and Spain's Repsol Exploration.

4. (SBU) Anadarko is enjoying the fruits of its first-come advantage, with a stock price that has jumped 50% since March, but the largest U.S. oil companies appear reluctant to bid on the unexplored blocks. Chevron [REDACTED] [REDACTED] downplayed the likelihood of economically viable exploration along Liberia's eastern border, given the less favorable nature of that basin's geological formations. [REDACTED]

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5. (SBU) Media hype may imply oil riches are imminent, but the path from exploration to production is a labor, capital, and time-intensive process. If Liberia discovered oil tomorrow, Chevron estimates it would take seven years and approximately \$6 billion in investment before oil production could begin and Liberia would see any revenue. Nevertheless, high and immediate expectations of oil revenue are evident: the House of Representatives passed an act September 3 to establish a new political capital, offering expected future oil revenues as collateral against \$10 billion in construction costs.

6. (SBU) COMMENT: While prospective oil riches remain years away, the GOL must act soon to implement necessary governance, transparency, and social development plans. To date, the bidding process for exploration rights has been surprisingly free of corruption, perhaps because there have not yet been proven reserves. As potential returns become more real, there may be pressures on the government to provide incentives to legislators to agree to concessions, as occurs in other sectors. The good news is that Liberia already requires potential oil revenue to be reported under the LEITI process. With consistent support from international partners, and contracts that bind oil companies to socially responsible practices, Liberia may be able to follow the example of Ghana, escape the problems of Nigeria, and leverage oil revenues for the benefit of all its citizens.

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